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CREDIT FINANCING IN BULGARIA REVIEWED

BASIC CHANGE IN ECONOMY -- Rabotnichesko Delo, No 233, 1 Sep 49

During the period from 9 September 1944 through 1947, that is, prior to the nationalization of banks, the Bulgarian credit system suffered from a lack of specialization. All banks, and other institutions such as the Official Cooperative-Insurance Company and the Social Security Fund, extended credit for both long- and short-term loans and for both investment and circulating capital.

The rise of the workers to power opened up the possibility of a basic change in the economic development of the country. Bulgaria achieved in 10 to 20 years what other countries required a whole century to do in the way of industrialization, electrification, and mechanization of agriculture.

The nationalization of the banks precludes the possibility of the influence of speculative capital upon the economic development of the country. For financing capital investments, two banks were created, the Bulgarian National Bank (a bank of issue) and the Bulgarian Investment Bank.

With this basic change in the Bulgarian economy the direction of Bulgaria's development also changed; while the economic development progressed haphazardly during 1945 and 1946, order was brought out of chaos by the Five-Year Plan.

In the course of the Two-Year Man, 77,350,000,000 leva were invested in Bulgariate economic development, from the following sources: state budget (35,960,000,000 leva, 47 percent), bank credit (25,340,000,000 leva, 33 percent), and anoxidation deposits (16,050,000,000 leva, 20 percent). At the outset, the state budget underwrote nearly 50 percent -- a huge share.

The interest on investment credits extended by banking systems veries from 2 percent for heavy industry to 4.5 percent for light industry and other investments. This situation is possible only through nationalization of banks.

The Five-Year Fian is a sourd beginning for socialist development as well as for the system of financing with credit

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The capital investments are expected to be distributed as follows:

	Percent of Over-all Flan	Fercent of Fulfillment by 30 Jun 1949 According to Freliminary Data
Industry	13.8	39.7
Mining and underground resources	7.3	35.5
Electrification and improvements	17.3	43.9
Agriculture and forestry	15.2	26.9
Railroad, motor and water communication	15.2	32.7
Food industry Posts, telegraph,	8.3	54.2
and telephone Public ut'lities and	3	35.6
welfare Miscellaneous	4.4 15.5	15.7 41.4
MIRCALIMIECHS		7g: 37.4%

As a result of popular enthusiasm for the Five-Tear Plan, a number of the construction projects are teins built with 45 percent local means.

The unified state budget permits centralization of revenues, so that considerable capital investment funds can be taken out of them, amounting to 63.5 percent of the total for the 1949 plan. The national government created a new source for capital investment: emortization deposits. These are now centralized in the Bulgarian Investment Bank and constitute 21 percent of the total in the 1949 plan.

Bank credit for capital investments is underwritten by the state. It bears no interest and is not repayable for state enterprises and national council enterprises. For the cooperative sector, the interest is from 3.7 to 4.5 percent, and it is repayable up to 27 years.

Credit for housing construction has a regulated distribution. Construction for cultural purposes is financed by the state and is included in the plan for the appropriate administrative department. Private dwelling construction is encouraged, as its credits are arranged through the bousing savings fund. The speculative savings banks were liquidated when their assets and liabilities were transferred to the Bulgarian Investment Bank. The latter in less than 2 years has organized 7,300 depositors with savings deposits of 7'l million leva and registered housing leans of 3,400,000,000 leva. At present 2,112 leans have been made to the value of 600 million leva, at 3 percent interest with 30-year payments.

The Bulgarian Investment Bank in its short period of existence has organized the firmneing and control of capital investments as well as credit for construction organizations, to which 3,870,000,000 levs of working funds were granted.

75 BILLION LEVA FOR CAPITAL INVESTMENTS -- Tikhookeanskaya Zvezda, No 190, 13 Aug 49

Sofia, 10 August (TASS) -- Seventy-five billion leva were allotted to capital investments in the Bulgarian Two-Year Plan. Four hundred twenty-five billion are envisaged in the Five-Year Plan. Thirty-eight percent of the over-all total for capital investment in the Five-Year Plan is for heavy industry: 7 mechine plants will be put up, 2 instrument plants, 2 auto-repair shops, one motor plant. 2 metallurgical plants, several plants for the preparation of iron construction work, and many others.

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The Five-Year Plan allows 17.5 percent of the over-all capital investment for agriculture. Eighty new machine tractor stations will be set up, as well as 4,000 agricultural cooperatives and a number of state farms. Over 11 percent of the total in rural areas will be devoted to cultural and educational purposes.

This program will increase Bulgaria's industrial output 119 percent in comparison with 1948, and her capital goods production by 3.2 times. The growth of heavy industry guarantees the rapid development of all other branches of the national economy.

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